

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

BLE2074 – LABOUR ECONOMICS

(All sections / Groups)

27 OCTOBER 2018

2.30 p.m – 4.30 p.m

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FIVE (5)** structured questions excluding cover page.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL FIVE (5) QUESTIONS (100 MARKS)**Question 1**

- (a) Describe how heterogeneous jobs may create wage differentials based on:
- (i) Compensating wage differentials (4 marks)
 - (ii) Efficiency wage payments (4 marks)
 - (iii) Skill requirements (2 marks)
- (b) How does each of the following activity affect the equilibrium wage rate and the level of employment in a particular labour market?
- (i) A change in product demand that increases the product price. (2 marks)
 - (ii) A decrease in the price of a gross substitute for labour. (2 marks)
 - (iii) A net increase in people's preferences for work relative to leisure. (2 marks)
 - (iv) An improvement in the job status. (2 marks)
 - (v) An increase in the fringe benefits. (2 marks)

(Total: 20 marks)

Question 2

- (a) Discuss **ONE (1)** reason that contributes to the decline in union membership. (4 marks)
- (b) "The efficient contracts outcome will result in a lower wage and more employment than the monopoly union outcome". Do you agree? Discuss. (10 marks)
- (c) Discuss **TWO (2)** techniques that unions use to increase the wage rate paid to their members. (6 marks)

(Total: 20 marks)

Question 3

- (a) Distinguish between employment discrimination, occupational discrimination, and human capital discrimination in relation to gender in the workplace. (9 marks)
- (b) Graphically show the effects of discrimination based on the taste for discrimination model analysis. When will the the employer who practised discrimination hire the women workers? Explain. (7 marks)

Continued...

- (c) Discuss **ONE (1)** non-discriminatory factor that lead to the wage gap between genders.

(4 marks)

(Total: 20 marks)

Question 4

- (a) Table 1 shows the demographic of a country.

Table 1

| Details | Year 2017 |
|---|-----------|
| Total Population | 30,000 |
| Population 16 years or older and noninstitutionalised | 24,000 |
| Employed | 18,000 |
| Unemployed | 2,000 |
| Discouraged workers | 2,000 |
| Underemployed | 1,000 |

- (i) Refer to Table 1. Calculate the size of the labour force, the official unemployment rate and the labour force participation rate.

(9 marks)

- (ii) Distinguish the difference between unemployed and underemployed.

(2 marks)

- (b) Differentiate between structural unemployment, frictional unemployment and natural rate of unemployment.

(9 marks)

(Total: 20 marks)

Question 5

- (a) Explain the difference between job and occupational mobility.

(4 marks)

- (b) Discuss **THREE (3)** determinants of migration.

(9 marks)

- (c) Discuss the impact of illegal immigration on wage rates.

(7 marks)

(Total: 20 marks)

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